



Minutes

Meeting of March 28-29, 2006

COMMISSIONERS PRESENT

Howard Welinsky, Chair
Alan S. Arkatov
Joseph P. Bishop
Irwin S. Field
George G. Gowgani
Lance T. Izumi
Glee Johnson
Hugo Morales
John P. Perez
Evonne Seron Schulze

COMMISSIONERS ABSENT

Frederick Ruiz
Olivia K. Singh, Vice Chair

CALL TO ORDER

Commission Chair Welinsky called the March 28, 2006, meeting of the California Postsecondary Education Commission to order at 9:05 a.m. in the Commission Conference Room at 770 L Street, Suite 1160, Sacramento, California.

CALL OF THE ROLL

Executive Secretary Anna Gomez called the roll for the meeting. A quorum was present throughout the meeting.

APPROVAL OF THE MINUTES

The minutes of the December 6-7, 2005, meeting were unanimously approved.

REPORT OF THE CHAIR

Chair Welinsky recognized and congratulated Commissioner Johnson on her recent appointment as President of the State Board of Education. He also recognized Regent Leslie T. Schilling, who sat in attendance as an observer in the absence of the official University of California representative. He then proceeded with the agenda, noting the large number of items and the need for the Commission to stay focused on the agenda.

REPORT OF THE EXECUTIVE DIRECTOR

Employee Resignations: Director Haberman began his remarks by acknowledging two outstanding employees who will be leaving the agency. Ryan Clark is leaving to become a faculty member at the University of Notre Dame and Erica Jerome has taken a job with the Bureau of Land Management and will be attending law school in the fall. Both graduate student interns have been extremely productive while employed with the Commission and will be greatly missed. Mr. Clark had been the lead person working on the Nexus Between Education and the Workforce project, so progress on the report will be delayed until additional staff can be hired to replace him.

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Yuba Community College Services: Director Haberman reported that the Commission's efforts to facilitate communication between the Yuba Community College District and Colusa residents to resolve issues of service to Colusa had not been successful.

Recent activities of the Director: Director Haberman reported on his involvement with the National Commission on the Future of Higher Education, indicating that a report would be coming out shortly. He continued by updating the Commission on a variety of presentations he had made to legislative committees and meetings with various State policy makers and editorial boards in the past three months.

Student Financial Aid: Staff member Greg Gollihur discussed the activities of the Student Aid Commission and EdFund, the two entities responsible for the administration and allocation of financial aid to California students. Mr. Gollihur reported that there is an effort to reorganize the functions of the two entities so that a single non-profit agency would be responsible for administering both the grant program and the loan program. He noted that, in his estimation, this reorganization would benefit both the State and the students.

Hearing on Infrastructure and Facilities Needs: Staff members Stacy Wilson and Kevin Woolfork discussed their testimony at recent legislative hearings on the subject of higher education infrastructure and facilities needs. Mr. Woolfork's testimony focused on the need to develop facilities for the future that have flexibility of usage, sustainability in operation, longevity of existence, and efficient design. Mr. Wilson's comments related to his overview of projected enrollment demand through 2014 and his analysis of the institutional physical capacity to accommodate the increase in students, particularly at the community colleges.

Civil Service Examinations: Examinations will be given the week of April 10 for two positions at the level of Associate in Postsecondary Education Studies. It is anticipated that successful candidates will be hired by late May.

Commission Website: Director Haberman encouraged the Commissioners to visit the CPEC website and informed them that he may establish a "blog" in the near future.

REPORT OF THE STATUTORY ADVISORY COMMITTEE

Chair Robert Oakes noted a number of recent administrative appointments at the California State University and the California Community Colleges. He also reported the California State University positions of support for AB 2813, the bill that would increase funding for the Cal Grant B awards and 'no position' on SB 1181, the bill addressing the structure of the Commission's academic and executive compensation report. He concluded his report by conveying that, before any changes are made to its student fee policy, the Commission should consider the following four principles: (1) any discussion should begin with a philosophical rationale about the percentage of the total cost of attendance students should pay, taking into consideration fee levels in other states; (2) there should be a guaranteed funding commitment from the State; (3) segmental representatives should be included in a discussion of quality of education and facilities; and 4) student financial aid should be considered.

OVERVIEW OF GOVERNOR SCHWARZENEGGER'S PROPOSED 2006-07 BUDGET

Staff member Kevin Woolfork presented the Governor's proposed budget for 2006-07 and a matrix detailing the LAO positions and recommended CPEC positions on selected higher education budget items. The Commission held an extensive discussion about the decrease in state funding

for higher education and the need to adequately fund the State's public institutions. The Commission then adopted all of the proposed positions with the exception of the position on maximum Cal Grant awards for new recipients attending non-public institutions. It was decided to change the position to support an immediate increase, rather than an incremental phase-in, of the new maximum award. The change was made and the motion to adopt the recommended positions was passed unanimously.

RESIDENT UNDERGRADUATE STUDENT FEES -- ISSUES AND OPTIONS

Director Haberman began the discussion with information on the diminishing level of funding for higher education over the last thirty years. Students are bearing a higher percentage of the cost of their education, student debt has increased, and more middle and low-income students are being forced to use student loans to pay for their education.

Staff member Greg Gollihur indicated that three factors had led to the Commission's decision to reexamine not only its fee policy, but the State's general policies of funding higher education as well. Those factors are: (1) the Governor's "compact" with the University of California and the California State University and the proposed student fee "buyout"; (2) a renewed focus on community college fees, including initiatives to provide stability and predictability to setting community college fees; and (3) Assembly Bill 1072, a current proposal to adopt a student fee policy in statute.

Mr. Gollihur continued his presentation by stating that we have entered a new 'era' -- an era in which affordability cannot be viewed simply by looking at State aid and student fees. The overall costs of attending college, of which fees are only a part, is becoming a major barrier to access and opportunity for Californians. Mr. Gollihur concluded his remarks by introducing a set of principles for an affordability policy. Those principles include the following elements:

1. Restore a higher level of State General Fund support.
2. Freeze student fees for two years.
3. Tie any increase in fees to an affordability index.
4. Increase grant aid.
5. Recognize the opportunities that are lost due to rising college costs.
6. Decentralize the Cal Grant program.

Chair Welinsky then called on a number of speakers who requested time to address the Commission on the subject of higher education affordability:

1. Charles Schwartz, Professor Emeritus at the University of California, Berkeley, (speaking as an individual), spoke to the Commission about the University's policy of bundling undergraduate and graduate costs of education and asked that the Commission consider the effect of this policy. He stated that since it is less costly to educate undergraduates, their current fees essentially cover 100% of the cost of their education.
2. Linda Nguy, Legislative Director of the University of California Student Association, addressed the Commission about supporting a Student Compact Resolution, ACR 34, which calls for a student fee policy that is based on what families can afford, remains stable, recognizes the contribution of graduate and professional students, and includes students in the decision-making process of setting fee levels. It also calls for sufficient financial aid to cover the total cost of attendance, sufficient funding to assure that students have access to the

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courses they need, and permanent funding for academic preparation programs and enrollment growth.

3. Keith Boyum, Associate Vice Chancellor, Academic Affairs, California State University, addressed the Commission regarding the State University's position on student fees, expressing concern that while CSU embraces the Commission's principles on student fees, the policy should focus on both the fee level and the funding available to the university.
4. Dan Crump, representing the Academic Senate of the California Community Colleges, urged the Commission to consider adopting a no-fee student access policy and distributed a position paper entitled, *What's Wrong with Student Fees? Renewing the Commitment to No-Fee, Open-Access Community Colleges in California*.

The Commission held an extensive discussion around student fee issues, focusing on the following issues:

- Any increases in institutional funding should be used for adding more faculty, support, and courses, as well as buying out student fees;
- Student fees are the only piece that we can control; external costs, such as housing costs, will be the biggest affordability issue in the future;
- Length of time to degree is a major factor in affordability due to lost income as well as the extra cost for time spent in college;
- Any freeze on student fee increases should be considered in conjunction with the desire of students for academic quality -- including access to required courses and teaching excellence -- and adequate physical facilities;
- A gradual fee increase every year would be easier on students and their families; and
- A freeze on fees might jeopardize the Governor's Compact.

The Commission voted to adopt an amended *Principles for a Student Fee Policy* on a vote of six to two, with Commissioner Gowgani opposing and Commissioner Izumi abstaining. Commissioners amended the proposed policy to extend the freeze on fees to five years.

RECESS

Chair Welinsky adjourned the meeting for lunch recess.

RECONVENE

Chair Welinsky reconvened the meeting at 1:10 p.m.

LEGISLATIVE UPDATE, MARCH 2006

Staff member Sherri Orland distributed an updated bill matrix and reviewed the higher education bills that had been introduced since January, indicating that the matrix consisted of bills that represented the Commission's priorities. She added that staff is recommending a watch position on many of them because they are considered 'spot' bills and might be substantially amended in the next few weeks.

The Commission voted to change its position on SB 2813 from the recommended "watch" position to a "support" position, with Commissioner Johnson abstaining. The Commission then adopted the revised matrix, with Commissioner Izumi abstaining.

THE IMPACT OF THE HIGH SCHOOL ACADEMIC PERFORMANCE INDEX (API) ON STUDENT ELIGIBILITY

Staff member Jessika Jones presented a study of the influence of a high school's API on eligibility and enrollment rates at the University of California and the California State University. The report indicated that high school API rates are a strong predictor of student eligibility and that increases in school API play a major role in the probability that a student will become UC and CSU eligible. Additional findings are that factors other than school API have an effect on eligibility for Latino students, as these students are not becoming eligible at the same rate as other populations. Other key findings include the gender gap between males and females in becoming university eligible, with males much less likely to be eligible. Ms. Jones concluded her report by recommending that further study be done to more fully understand the reasons behind the statistics.

PRESENTATION BY SENATOR JACK SCOTT

Chair Welinsky introduced Senator Jack Scott and welcomed him to the Commission meeting to discuss his perspective on higher education issues, his legislation, and the role that higher education plays in preparing graduates for 21st century jobs. Senator Scott began his presentation by talking about his background in education, including 23 years with the community college system. Senator Scott discussed a number of education issues, including:

- His current legislative efforts---SB 361, that would change the community college funding mechanism, SB 652, that would require the University of California to develop a common transfer curriculum for high demand majors, and SB 1709, that would increase outreach efforts and expand the use of facilities to better serve students;
- The importance of career tech programs in both K-12 and higher education;
- The need for expanding opportunities for students interested in becoming nurses;
- The need for better articulation between community colleges and the University and the State University; and
- The importance of support programs and adequate financial aid to ensure success as well as access for underrepresented populations.

Senator Scott concluded his remarks by speaking to the fact that realistically, we cannot expect to expand higher education's proportion of funding in the budget; rather that we must continue efforts to operate the systems more efficiently.

DEVELOPMENTS WITH THE COMMISSION'S LONGITUDINAL STUDENT DATA SYSTEM

Staff member Adrian Griffin addressed the Commission on progress in resolving data integrity issues with the longitudinal data that have been provided by the three public segments under AB 1570. He noted that the emphasis of staff work up to this point has been to check the integrity of the data and develop procedures for handling anomalies. Mr. Griffin then turned to the current project of reviewing community college enrollment by recent university graduates. Data show that very few university graduates are taking community college courses at loads indicating a sustained effort toward an award. In fact, it appears that UC and CSU graduates are taking community college courses at rates comparable to people in their thirties who are established in the workforce and seeking to improve their skills or broaden their education. Mr. Griffin then

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cited future projects that staff will be working on, including student persistence, success rates of transfer students, paths to degree, and movement to graduate school.

THE IMPROVING TEACHER QUALITY (ITQ) PROGRAM – AN UPDATE

Staff member Karen Humphrey reported on the progress of the new Request for Proposals targeted to the retention of science and mathematics teachers. The new grant awards will be made to two master grantees which must be consortia of university-based professional development providers with a demonstrated capacity for providing high quality professional development to low performing schools. Ms. Humphrey also updated the Commissioners on the status of ongoing ITQ grants.

FACULTY SALARIES AT CALIFORNIA PUBLIC UNIVERSITIES, 2006-07

Staff member Marge Chisholm reported information about salary trends and projections for California's public university faculty, comparing the State's salary levels with comparable institutions nationwide. Ms. Chisholm summarized the data, noting that the California State University would have to increase faculty salaries by an estimated 18% to achieve parity with its comparison institutions next year, while the University of California would need to increase salaries by an estimated 14.5%.

The report contains three recommendations for future faculty salary reports:

1. Reports should be broadened to include other benefits such as sabbaticals, housing allowances, and bonuses;
2. The current group of comparable institutions should be reexamined to ensure that they are still appropriate with regard to mission, scope, and size; and
3. CPEC should conduct a comprehensive review of compensation policies that provides transparency and accountability in the compensation process.

The Commission discussed a number of issues related to the difficulties of conducting a valid and comprehensive comparison, then adopted the report on a unanimous vote.

RECESS

The meeting was recessed at 4:30 p.m. and Commissioner Welinsky convened an Executive Session.

Executive Session ended at 5:00 p.m.

RECONVENE

Chair Welinsky called the March 29, 2006, meeting of the California Postsecondary Education Commission to order at 9:00 a.m. in the Commission Conference Room at 770 L Street, Suite 1160, Sacramento, California.

CALL OF THE ROLL

Executive Secretary Anna Gomez called the roll for the March 29, 2006, meeting. Present were Chair Welinsky, Commissioners Bishop, Gowgani, Izumi, Morales, Perez, and Schulze. A quorum was present throughout the meeting.

REPORT OF EXECUTIVE SESSION

Chair Welinsky announced that the Commission had given a positive evaluation to Director Haberman for his work this year and set his salary at \$153,000.

REVIEW OF A PROPOSAL TO CONVERT THE NEEDLES OUTREACH OPERATION TO A STATE-APPROVED EDUCATIONAL CENTER

Staff members Jessika Jones and Stacy Wilson introduced a proposal to convert the Needles outreach operation to a state-approved off-campus educational center of Palo Verde Community college. The proposal responds to the district's need to enhance educational services in the remote community of Needles and adjacent areas.

Ms. Jones guided the Commissioners through a power point presentation describing the community's financial support and the facility that is being renovated for the center. She also spoke of the burdensome commute for students who have to commute to the closest community college campus and the cost of attending an out-of-state institution.

Staff also presented background on why the operation should be grandfathered in pursuant to previous Supplemental Budget Language. That Language granted approval of operations that had been providing continuous service prior to 1974, the year in which the Legislature established the Commission.

Dr. James Hottois, President of Palo Verde Community College District, addressed the Commission about both the local need and the local support for the new educational center. He described the community, the characteristics of the students, and the local economy. The Commission adopted the report and approved the off-campus educational center on a unanimous vote.

PROSPECTUS FOR EXAMINING THE CHALLENGES COMMUNITY COLLEGE DISTRICTS FACE IN SERVING RURAL AND REMOTE AREAS

Staff member Stacy Wilson introduced the item by inviting several key speakers to address the challenges that community college districts face in serving rural communities. Speakers included: Robert Turnage, Vice Chancellor for Finance and Facility Planning of the California Community College Chancellor's Office; Fred Harris, Assistant Vice Chancellor for Finance and Facility Planning of the California Community College Chancellor's Office; Sandra Serrano, Chancellor of the Kern Community College District; and Patrick Murphy, political scientist and author of the report, *Financing California Community Colleges*.

Each speaker addressed the dynamics of statewide and regional population growth in California, including program-based funding, existing guidelines and enrollment constraints, and proposals currently being considered. Commissioners were advised that a number of new options are expected to be available for rural districts, including rural access grants, new equalization formulas, reinstatement of a gradual step-down in funding if a loss of enrollment occurs, and options for more effective utilization of existing campuses.

Members of the public were also invited to testify, including Pat Blacklock, Amador County Administrator; Brenda Miller, Colusa County resident; Dorothy Machula, Associate Dean of the Palo Verde Center at the Needles Center; Kay Spurgeon, Colusa County Superintendent of Education; and Dr. Nikki Harrington, Chancellor of the Yuba Community College District.

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The Commission will establish a statewide advisory committee to consider recommendations on how best to serve rural and remote areas of the state.

PRESENTATION BY DR. WYATT R. (RORY) HUME, ACTING PROVOST AND SENIOR VICE PRESIDENT FOR ACADEMIC AFFAIRS, UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT

Chair Welinsky introduced Dr. Hume and welcomed him to the Commission meeting to discuss the role the University plays in preparing students for the workforce. Dr. Hume began his remarks by presenting a profile of the University, including its diversity in family income, ethnicity, and residency status. He also gave a brief description of enrollment growth and degree programs at the University. He noted that the University is making every effort to respond to the state's workforce needs, particularly in the area of Health Sciences, and that in the next ten years, the University will be investing more heavily in graduate education in an effort to increase the number of doctoral degrees granted.

Dr. Hume spoke to UC's Planning Activities, including the Long Range Guidance Team established specifically to look at what we should be doing in the year 2020 as it relates to collaboration between campuses and across segments. Dr. Hume concluded his remarks by stressing that although Californians often do not realize the quality of the University, it is viewed as the best in the world by other countries. Following discussion with the Commissioners, Chair Welinsky thanked Dr. Hume for taking the time to meet with the Commission.

ADJOURNMENT

There being no further business, Chair Welinsky adjourned the meeting at 11:30 a.m.



Minutes

Meeting of May 15, 2006

ITEM 1
DRAFT

COMMISSIONERS PRESENT

Howard Welinsky, Chair
Olivia K. Singh, Vice Chair
Joseph P. Bishop
Irwin S. Field
Barbara Gothard
Glee Johnson
John P. Perez
Frederick Ruiz
Evonne Seron Schulze

COMMISSIONERS ABSENT

Alan S. Arkatov
George G. Gowgani
Lance T. Izumi
Hugo Morales

CALL TO ORDER

Chair Howard Welinsky called the May 15, 2006, meeting of the California Postsecondary Education Commission to order at 2:05 p.m. via teleconference.

CALL OF THE ROLL

Executive Secretary Anna Gomez called the roll and a quorum was present.

MAY REVISE

Executive Director Murray J. Haberman presented the Commission's budget for the coming fiscal year. He reported that CPEC is scheduled to receive \$2,505,000 in total state operations funding and \$8,579,000 in federal funding for the Improving Teacher Quality (ITQ) program. He continued that the Governor had not changed the original January proposal for CPEC. Mr. Haberman also noted that the agency has a total of 20.8 authorized positions.

Director Haberman congratulated staff member Sherri Orland in her new capacity as legal counsel to the Commission, and stated that she would be responsible for ensuring the agency's compliance with federal privacy requirements and ITQ legal issues as well as serving as the Commission's Legislative Director.

Ms. Orland reviewed seven bills that had been amended since the last Commission meeting and recommended positions of support on all of them. The Commission voted to support the staff recommended positions, with Commissioner Glee Johnson abstaining. Ms. Orland also discussed two additional bills relating to the Bureau for Private Postsecondary and Vocational Education and to Compton Community College. She recommended that the Commission maintain a "watch" position on these bills.

Chair Welinsky called on staff member Kevin Woolfork to discuss the Governor's proposed "May Revise" as related to higher education. Mr. Woolfork referred the Commissioners to the summary of the May Revision of the 2006-07 State Budget that was distributed via email prior to the meeting. He reviewed the highlights of the summary:

- \$15.2 billion in spending for higher education (4.1% above the January proposal);
- \$40.7 billion in spending for K-12 education (1.7% above the January proposal).

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In summary, the 2006-07 May Revision includes proposals for selective enhancements to ongoing programs, while paying down outstanding State debt, setting some monies aside in a “rainy day” fund, and making one-time commitments of the additional funds. He added that, given the uncertainty surrounding these funds -- and the State’s ongoing structural funding challenges -- treating these additional revenues as being limited in duration appears prudent.

Commissioner Glee Johnson reported on a variety of changes in federal aid that will result in additional funding for Pell Grant recipients.

Commissioner Ruiz expressed concern about funding for academic preparation programs. Director Haberman responded that the funding will probably be negotiated between the Governor and the public systems. He added that evaluation processes are in question and that more data is needed to know which programs are most effective. Commission staff is reviewing the University of California’s evaluation of the programs and will be offering suggestions for better quantitative analysis of the programs in question at the Commission’s June 2006 meeting.

ADJOURNMENT

There being no further business, Chair Welinsky adjourned the meeting at 2:35 p.m.